Hard Lines

Discounters Seek Products to Build DIY Sales

By Laura Liebeck

CHICAGO — When the doors to McCormick Place swing open on the 13th annual National Home Center Show here this week, a number of discounters will be looking for items to enhance their burgeoning home security and safety departments.

They will also be searching for a wide range of basic home improvement products and the latest in product innovation, design and color. But the declining value of the dollar against some other currencies, particularly the yen, and its impact on foreign trade and import sources will be of interest, too.

Earl Vondran, a senior buyer at Worthington, Ohio-based Gold Circle, said he is expecting price hikes to exceed levels previously announced by foreign manufacturers and that a variety of Pacific Basin countries will be exporting products previously reserved for Taiwan.

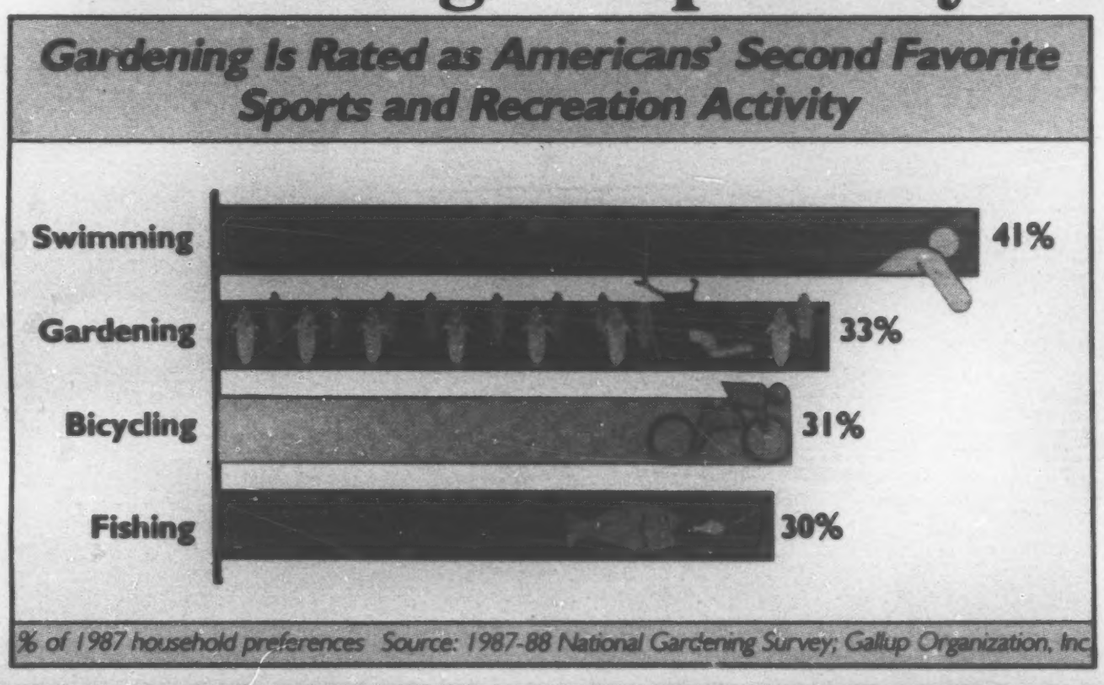
"It's going to be interesting to see exactly what the impact of the weaker dollar will be," he commented.

In addition to that, Vondran said he will continue to look for new home security devices, like rechargeable tools and flashlights, which have been "good areas" for the discounter. And, he anticipates seeing greater use of the "housewares colors" in the hard lines areas. "It's an area of

(Continued on page 48)

Home Care at K mart: Hard lines-oriented discounters are searching for ways to build DIY sales. (DSN photo)

Gardening's Popularity Cultivates Record L&G Sales



NEW YORK — Americans' love for greener pastures helped drive lawn and garden sales to a record $17.49 billion in 1987, a 23 percent increase over 1986 sales figures.

Sales at retailers' lawn and garden departments and other outlets were up in 11 of 15 categories, according to the 1987-1988 National Gardening Survey conducted by the National Gardening Association.

Overall, the survey found that gardening is one of the most popular leisure activities Americans enjoy.

In fact, it is the second most popular leisure activity in this country, behind swimming, with 33 percent of respondents saying they garden. Bicycling, fishing and camping followed as other top hobbies, with responses of 31 percent, 30 percent and 21 percent, respectively.

According to the survey, 78 percent of Americans enjoy gardening projects, or 70 million households.

The most popular of all gardening activities was lawn care, with 59 percent of the respondents, or 53 million households, saying they participate in this activity.

Lawn care also posted the largest sales increase in the gardening category, up $1.13 billion.

Large sales increases were also recorded in:

- Landscaping, up $745 million;
- Tree care, up $408 million;
- Ornamental gardening, up $305 million.

(Continued on page 49)

MARKETWATCH

NEWTON, Mass. — **Staples**, the home office specialty retailer based here, opened two new stores last month, the company's 10th and 11th units, in Weymouth, Mass., and New York City. By the end of this year, the retailer expects to have at least 24 stores open along the Eastern Seaboard, from Virginia to Massachusetts. Next year, Staples plans to open stores in the Midwest. By the end of this fiscal year, ending April 30, Staples expects to post $40 million in sales. In 1989, sales receipts are projected to top $120 million. Steering the company to greater sales will be Staples' new president and chief operating officer, Henry Nusella, who just joined the retailer. Nusella replaces Staples co-founder and chief executive officer, Thomas Stemberg, who was recently elected by the company's board of directors to the post of chairman. And Staples co-founder, Leo Kahn, was named chairman of the executive committee.

* * *

WASHINGTON D.C. — **National Electronics Warranty Corp.**, a marketer of extended service contracts, is now offering retailers a one-year extended service contract program on lawn mowers, gas and electric grills, garden tools and power tools. The N.E.W. service contract extends the manufacturer's warranty coverage for one additional year on both parts and labor. Cost of the extension is based on the price of the item. Fred Schaufeld, president of N.E.W., said the extended warranties are being offered on lawn mowers, grills, and garden and power tools because of specific request for the program. "There seems to be an unusually high consumer demand for extended service contracts in the lawn equipment and power tool categories," said Schaufeld. The N.E.W. program also features a toll-free number for assisting customers; a nationwide service network; and underwriting through an insurance carrier.

* * *

NEW YORK — Booth Recognition awards went to 34 exhibitors at the recently concluded seventh annual **National Back-To-School Merchandise Show** held Feb. 12 to 14 at the Jacob Javits Convention Center here. Of some 900 exhibitors at the show, awards were presented to: Acco International; ADI; Esselte Pendaflex; Faber-Castell; K&M Co.; Mead Products; Stuart Hall; Parker Pen USA; Scripto Tokai; Bic; Binney & Smith; 3-M/Home Products Div.; Eldon Office Products; Fellowes; Pentel of America; Sheaffer Eaton; American Greetings; Avery; Empire Pencil; Majestic Industries; Norcom; Rose Art Industries; Rubbermaid; W.T. Rogers Co.; Dek; Dixon Ticonderoga; Gibson Greetings; Hambly Studios; Hazel Cardinal; Lisa Frank; Master Lock; Outer Circle Products; Pentech International; and Wilson Jones.

Gardening is the second most popular U.S. recreational activity, behind swimming. (DSN photo)

Gardening's Popularity Fertilizes L&G Sales

(Continued from page 47)

Other popular gardening activities included: flower gardening, with 43 percent of those polled enjoying this activity; indoor houseplants, 41 percent; and vegetable gardening and shrub care, each with 33 percent.

The gardening project experiencing the greatest increase in consumer participation was flower bulbs, up to 27 percent, or 24 million households in 1987.

In total, consumers spent an average of $251 last year on lawn and garden products, up from $196 in 1986.

Perhaps some of the increase can be attributed, in part, to the large number of households that own and purchase outdoor power equipment.

About two-thirds of all American households own at least one piece of outdoor power equipment—lawn mowers, snow blowers, string trimmers, garden tillers and garden tractors—the survey learned.

The most popular piece of outdoor power equipment is the gas-powered, walk-behind rotary lawn mower. Forty-nine percent of the survey respondents said they own such a lawn mower, followed by 28 percent who said they have a chain saw, and 23 percent who said they own a power-string trimmer.

This information helped drive the Outdoor Power Equipment Institute to create a national safety program to remind consumers to be careful when operating such power equipment (see story, page 67). And, the association has declared April National Outdoor Power Equipment Safety Month.

The just released National Gardening Survey included questions concerning outdoor power equipment for the first time in its 15-year history. More than 1,500 households nationwide were polled for these results for OPEI.

Survey Questions

Questions on outdoor power equipment dealt with the types of equipment families buy; how they make their selections; and what operating procedures they follow when using the equipment.

Unlike gardening in general, which appeals to a broad cross section of the American population, survey results revealed that ownership of outdoor power equipment appeals to a slightly different profile.

People who own outdoor power equipment tend to be married; aged 30 and over; college educated; have professional or business occupations with household incomes exceeding $30,000; and maintain suburban and rural households.

Ownership of outdoor power equipment is highest in the Midwest, where three out of four respondents said they own at least one piece of equipment, compared to just over two-thirds of the population in the other three regions: 64 percent of households in the East; 65 percent in the South; and 66 percent in the West.

When choosing a piece of outdoor power equipment, respondents listed good warranty, price/affordability, safety features, easy maintenance and high quality construction as chief considerations.

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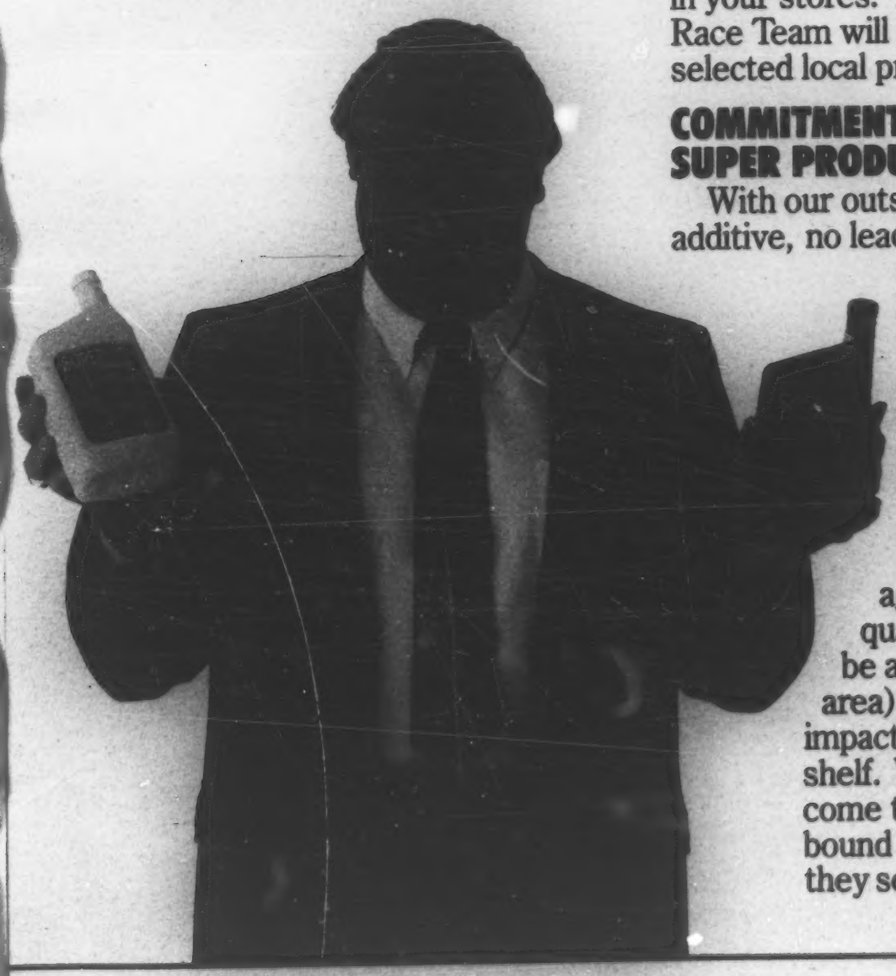
COMMITMENT #2
SUPER MERCHANDISING.

We're giving you one of the strongest co-op programs in the business. With many of the available pieces (POS and newspaper ads) featuring John Madden.



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It's Back to Basics in Toys—No Mega-Hits Expected This Year

By Richard C. Halverson

NEW YORK — Worlds of Wonder introduced at the International Toy Fair a remarkable version of Teddy Ruxpin, its high-tech mega-hit of yesteryears: It holds no micro-chips or batteries, it is made to sell for $9.95, and it doesn't rock, talk or walk in the woods.

The non-tech, plush bear illustrates as well as anything the key note of the toy industry at this year's fair: back to basics. Instead of hoping for mega-hits to carry the day, toy makers are promoting toys based on tradition, such as the new Jump Stick, a jump rope with a handle bar, to sell at moderate prices.

It appears to be no accident that the Milton Bradley division of Hasbro included two old favorites in its Toy Fair display: Tinker Toys, celebrating its 75th birthday, and Lincoln Logs, 72 years old.

'Kid Power' Drives New Toys

Indeed, Mattel claims that "Kid Power" drives its 1988 line. Instead of using batteries, children's imagination and muscles power many of its new offerings.

The toy business will be difficult this year, said Gene O'Donnell, senior vice president and general merchandise manager for Hills, Canton, Mass. Unlike previous years, the toy business will be harder to generate in 1988, he said.

"I don't expect any mega-hits this year," O'Donnell said. "There are no Cabbage Patches out there."

"If done judiciously," however, "toys can do well this year," he said. Buyers will have "to allocate dollars to basics and work around it," O'Donnell said. Hills will take about a month to finalize its buying plans, he said.

O'Donnell said he saw less in the way of new offerings at the fair this year, although some categories, such as learning aids from Texas Instruments and Vid-Tech, for example, have possibilities.

The flavor of this year's toy fair was plain vanilla, said Charles D. Smith, one of six toy buyers for K mart. The toy industry is less flamboyant this year, said Smith, but will be healthier now that it's correcting its top-heaviness in high-ticket items.

Toy prices are trending downward, with toy makers producing toys with more perceived dollar and play values, he said.

Saturday morning TV promotions also are lessening, Smith said, shifting the burden to retailers to promote and market basic toys with the same type of instore display and advertising flair once seen for Teddy Ruxpin.

Radio-controlled cars are coming off a "sensational year," Smith said, and should do even better in 1988. But it is one of the few strong categories, he said.

Fair-going buyers showed a lot of interest in the Wheels of Fortune TV game and the Body Rap sound amplification music system, he said.

Toy Shipments in Dollars and Units
(In Millions)
Dollar volume was down last year even though unit sales increased.

Product Category	Wholesale Volume 1986	Wholesale Volume 1987	Wholesale Volume Percent Change	Units Shipped 1986	Units Shipped 1987	Units Shipped Percent Change
Plush (electronic & traditional)	$1,062	$1,174	10.5%	123	193	56.9%
Activity Toys (bldg. sets, educational, household, model kits, art, accessories)	850	1,092	28.5	321	511	59.2
Vehicles (remote-control, battery, mini vehicles, non-power over 6-in., train sets, accessories)	764	923	20.8	201	190	(5.5)
Dolls (baby, fashion dolls, accessories)	1,663	920	(44.7)	176	121	(31.3)
Games & Puzzles	760	861	13.3	175	197	12.6
Infant/Preschool	816	840	2.9	157	170	8.3
Figures (action figures, robots, accessories)	1,105	702	(36.5)	229	173	(24.5)
Ride-Ons (excluding bicycles)	288	570	97.9	15	26	73.3
Guns (weapons, accessories)	71	78	9.9	19	33	73.7
All Other Toys (sports, playground, children's furniture, water, audio/visual)	944	1,041	10.3	165	179	8.5
Total Toy Industry	**$8,323**	**$8,201**	**(1.5%)**	**$1,581**	**$1,793**	**13.4%**

Figures compiled from 69 suppliers representing over one-half of toy industry shipments. Figures include imports and are projected to reflect total industry levels.

Source: Toy Manufacturers of America, February 1988

Body Rap, about $75 from Hasbro and competing systems, Footnotes, about $40 from Remco, and Body Stixs, about $30 from Nasta, may produce a winner in the category of sound amplification music systems, Smith said.

All of this follows what Mattel calls a "rough year" for the toy industry, with many major producers posting losses. Retail sales were flat in 1987 at $12.5 billion, said Robert Cooper, chairman of the Toy Manufacturers of America, at an opening press conference. He predicted retailers can expect only a 5 percent sales gain in 1988.

Industry shipments in dollars declined 1.5 percent while unit shipments rose 13.4 percent, Cooper said, indicating a decline in unit prices. Consumers are seeking out "basic toys with good value, not just high-tech, novelty value," Cooper said. He added that parents want "safe, study toys that encourage imagination."

Ratings of toy makers' Saturday morning TV shows are declining, Cooper said. Yet, video games are quite hot again, he said, and TV interactive toys are doing well.

Cooper said TMA expected 17,000 visitors to its 85th fair held earlier this month in showrooms in and around the Toy Building in midtown New York City, as well as at the nearby Jacob K. Javits Convention Center. Toy manufacturers were displaying 5,000 new toys as well as 150,000 toys from previous years.

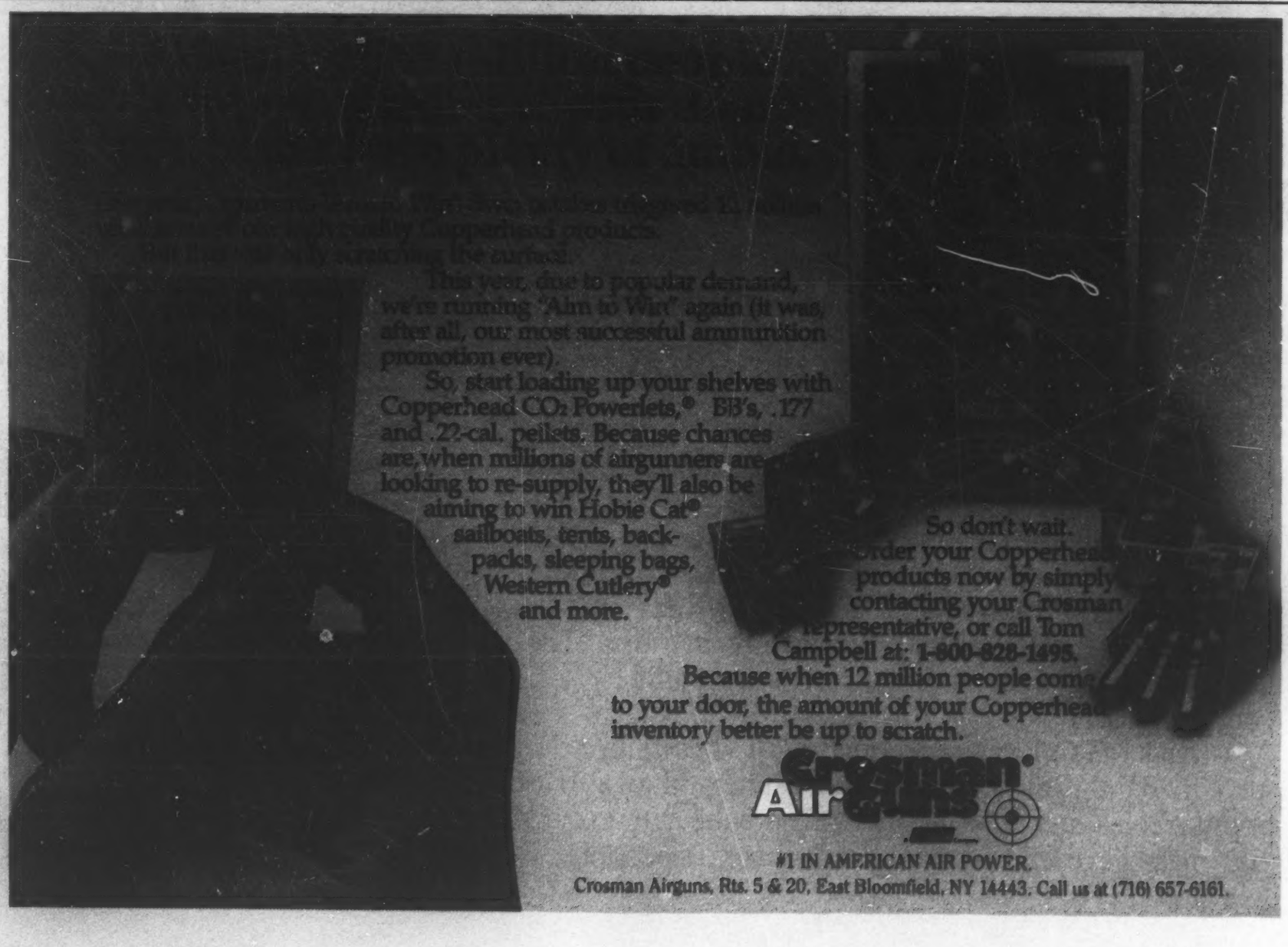
Worlds of Wonder grabbed the headlines by seeking refuge from creditors by declaring Chapter 11 bankruptcy just before Christmas. But 1987 results for Hasbro also are an indication of the troubled state of the toy industry. Its sales for fiscal 1987, ended Dec. 27, were essentially unchanged at $1.34 billion. Earnings plunged 51.4 percent, however, to $48.2 million from $99.2 million in 1986.

To reassure buyers of its financial ability to make and ship product, Worlds of Wonder brought to the fair representatives from its bankruptcy financial advisors, Bear, Stearns, said Paul Rago, vice president of marketing.

To be sure, Worlds of Wonder and other manufacturers are still toying with high-tech. The company introduced a new, steerable race car game made to retail for up to $149. And, its Julia talking doll, intended to retail for up to $100, is now in production.

In line with other makers of high-tech toys that are returning to the lineup, Worlds of Wonder cut the cost of its Teddy Ruxpin talking bear by $10, so it should retail as low as $39.95, Rago said.

To reduce its risks, Worlds of Wonder has broadened its product line, both by category price point and by season. Its summer line, such as Splatter Up, a water-based baseball hitting game, about $14, is ready to ship now, he said. Continuation and expansion of lines was another dominant theme at the fair. Coleco, for example, introduced a Mrs. Couch Potato and boy and girl Couch Potatoes to keep Mr. Couch Potato company.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TSS-Seedman's Leases Space to CE Retailer Brick Church

(Continued from page 3)
160,000 square feet and 220,000 square feet to 100,000 square feet, and lease out the balance to other operations such as supermarkets, beauty salons, dry cleaners, insurance agents and opticians.

Kasinitz, who previously held top posts at Two Guys, Caldor and Almy's, was chosen to shore up the Brooklyn, N.Y.-based discounter on Nov. 2, after Resource Holdings, a New York City merchant banking group completed its acquisition of the chain from founder George Seedman. TSS-Seedman's sales volume and earnings have been flat for the last few years. The chain recorded about $250 million in sales last year, according to a Dun & Bradstreet credit report dated Feb. 13, 1988.

"This deal came at the right time for us as we have just strengthened the chain internally and were looking for a growth opportunity," said Jay Lubetkin, general counsel for Brick Church.

The New York City and Long Island TSS-Seedman's stores represent a new market for Brick Church and its first major license operation. However, the approximately $100 million CE chain emphasized that it has tracked this market for a long time and is familiar with the strategies and formats of such area competitors as Newmark & Lewis, Crazy Eddie, The Wiz, PC Richard and Macy's.

Lubetkin said the chain is not ruling out opening freestanding stores in the new market; it just has its "hands full right now," said Lubetkin.

The leased departments will be identified as Brick Church departments by signage in the store and will be laid out like freestanding Brick Church stores. It will be managed and staffed by Brick Church personnel.

The chain's advertising scope will be expanded and its "Ernest" television ads and print advertising will include a tagline that tells customers to "visit Brick Church, and Brick Church at TSS-Seedman's."

After clearance sales this month to deplete existing inventory in the department stores, Brick Church plans to expand departments from between 1,600 square feet and 2,100 square feet to 4,000 square feet and will refixture them to a more upscale look.

Each department will carry many brand names that were lacking in the TSS-Seedman's departments, Lubetkin said. In TVs, Brick Church will carry 12 major brands while TSS only had three to four.

Brick Church will also add a wide selection of projection and large, direct-view TVs to the slim assortment of one or two before. It will also add a full line of component audio equipment and camcorders to TSS' limited selection.

Half of the departments (2,000 square feet) will house major appliances. Dishwashers, laundry appliances and cooking appliances will round out the new offering.

Each Brick Church department will be manned with four full-time sales personnel and two to three part-timers depending on sales per store.

Brick Church said sales from these departments could reach as high as $50 million per year in a short time. The chain estimated sales of the CE department under TSS-Seedman's management to be only around $12 million last year.

Ames Takes Measures To Prevent Shrinkage

(Continued from page 3)
If the Secaucus DC didn't account for the lost millions, what did?

"Ames grew so fast [after buying Murphy Marts in '85], that systems and controls were stretched to the limit," Yaeger said. "We had to go back and plug a lot of holes.

"We've put in a whole lot of new stuff," Yaeger said, "and are looking for a lot of progress in 1988."

Among the anti-shrink programs for the last half of 1988 will be so-called "honesty tests" for employees at 18 new stores under construction.

Ames will be testing two aspects, according to Yaeger. Can the chain handle the tests from an administrative standpoint and will they produce results for Ames?

Although committed to begin pre-employment screening, Ames has yet to select a vendor.

One test under consideration involves more than testing for attitudes about honesty, Yaeger said. It also looks for employee attitudes about productivity, safety awareness, propensity toward violence and drug avoidance, he said.

Yaeger objected to the term, "honesty test." Ames won't adopt any of the pure honesty tests on the market, Yaeger said, because Massachusetts has banned such tests, along with lie detector tests. The company doesn't want to begin using a test that won't be legal in all 50 states, he said.

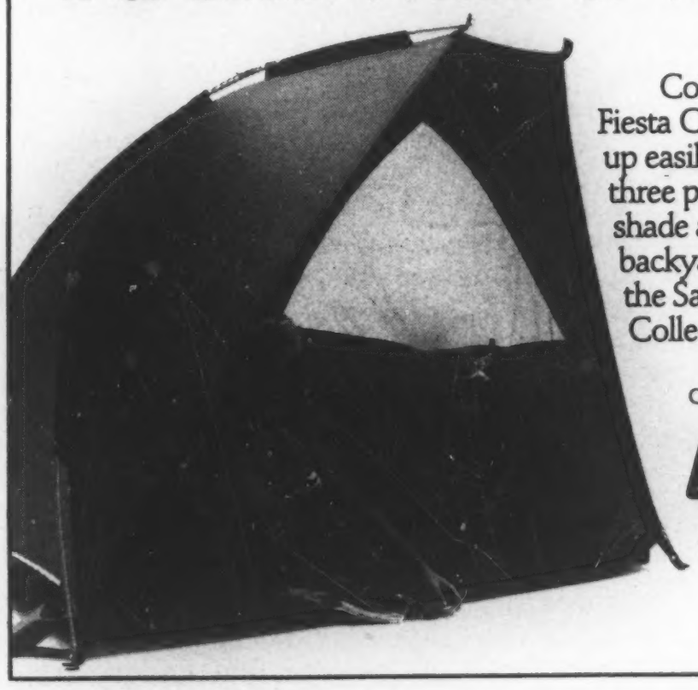
Other states probably will follow Massachusetts' lead in banning written honesty tests, Yaeger predicted.

Another technique Ames is testing in its efforts to solve its widely-publicized inventory problems is the Knogo Electro-Thread, a hard-to-detect type of electronic article surveillance tag, placed in several stores last November, including 10 in Baltimore.

The EAS system has had a "significant impact," Yaeger said, without offering details. "It's done its job."

Ames now is reconciling tapes of its year-end inventory taken in early January and is scheduled to release results March 24.

Room with a view.



Coleman's new Fiesta Cabana 2 sets up easily to keep three people in the shade at a beach or backyard. From the Sandy Beaches Collection.

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No Decision on Co. Sale

Ward Realigns Staff, Seeking Grocery Tie

(Continued from page 3)
"Since Toys "R" Us, he's [Brennan] been looking at other retailers for similar arrangements," said Charles Thorne, media relations manager. Ward initiated combination stores with the retailer in the fall of 1986 at a Gaithersburg, Md. unit. Now there are four such units "and there's been talk about expanding" further, Thorne said.

The realignment of field management gives each of Ward's four specialty merchandise categories—Electric Avenue, Auto Express, Home Ideas and Apparel—their own separate field organizations.

The new plan created 10 merchandise directors, an additional apparel vice president and 115 district merchandise manager posts.

"It's our belief that to accelerate our progress as a specialty retailer, we simply have to put more merchandising resources in the field and place accountability and responsibility closer to the customers. That's what this realignment does for us," said Brennan in a prepared statement.

Brennan also noted that the realignment offers more career advancement for Ward executives, especially store managers, than under the general merchandise system.

The district managers will be in the field, responsible for implementing Ward's merchandising and sales training programs at the store level. District managers will report to the merchandise directors who report to the vice president, general merchandise manager in each of the four specialty merchandise areas.

Current field personnel responsible for territorial offices and area managers will continue to oversee store operations, asset redeployment, logistics and customer service.

The only reduction in field operations is the elimination of territorial headquarters in Los Angeles and Kansas City.

Stop & Shop Agrees to Cash Buyout

(Continued from page 2)
Until unspecified "events" make it fruitless, Dart will keep extending its offer on a day-to-day basis in the hopes of convening a special stockholders meeting March 30.

Dart wants the meeting so it can attempt to oust Stop & Shop's board of directors as a way around the firm's poison pill defense. The board can give stockholders the right to buy additional stock at a bargain price in the event of an unfriendly takeover. In the KKR deal, the board opted to forgo that defense, along with the protection it could claim under Massachusetts' anti-takeover law.

With 27.9 million Stop & Shop shares outstanding, the $44 offer indicates a total value of $1.23 billion. Of those shares, Dart owns 3 percent, or about 837,000 shares.

Operator of Crown Books and Trak Auto, Dart stands to make a pretax profit of about $19 million if it tenders its shares to KKR. Previous attempts of Dart to take over major retailers have resulted in tens, if not, hundreds of millions, in such stock profits.

An exception proved to be its efforts to acquire D-H. After the market crashed Oct. 19, Dart lost some $60 million when the value of D-H stock fell by half, and it had to call off the attack.

Under the terms of a tender, which was scheduled to begin March 4, the buyout is conditional on shareholders' offering two-thirds of Stop & Shop stock by the expiration date and on KKR's being able to line up enough financing.

KKR said it has lined up a commitment from Manufacturers Hanover Trust Co. for a significant, but unspecified part of the takeover financing.

Stop & Shop chairman and ceo Goldberg said in a statement: "KKR is the leading firm engaged in leveraged buyouts and has completed many significant acquisitions of retail companies. We look forward to a productive relationship with them."

Stop & Shop operates 169 Bradlees and 113 supermarkets.

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Sports Authority displays a wide selection of activewear and hard sporting goods at everyday low prices. (DSN photo)

Sports Authority Plans Fast Break in Sunbelt

By Peter Hisey

FORT LAUDERDALE, Fla. — Sports Authority, the warehouse-style sporting goods retailer here, is planning aggressive expansion throughout Florida and in several Sunbelt states by the end of the decade.

"There's a shakeout going on in this industry, but we will las ," said Jack Smith, chairman of the megastore operation. He was referring specifically to the recent Chapter 11 filing by Los Angeles-based All American Sports-Club. That company is preparing to present to the bankruptcy court next month for approval a plan to close two of its eight stores and liquidate some $4 million worth of inventory in the two units, well-informed sources said.

(Continued on page 111)

K mart Office Supply Venture Extends Specialty Store Focus

By Richard C. Halverson

SAN ANTONIO, Texas — With an announcement that it plans to test a warehouse-format office products venture, K mart once more demonstrates its determination to diversify away from a maturing discount store base.

News about the office products specialty store comes on the heels of K mart's purchase of a 51 percent interest in Makro, a Dutch-owned warehouse club chain, and the *DSN* report that K mart plans to test a sporting goods warehouse club, the just-named Sports Giant (see *DSN*, Feb. 1, page 1).

The small increase in K mart's discount store count in 1987 illustrates why the corporation is pushing diversification. Although K mart opened 36 new discount stores in 1987, the total shows a net gain of only 19—to 2,223 from 2,204 in 1986—indicating that it closed 17 existing stores.

Although K mart said its office supply venture is unnamed, the operation, headquartered in a office suite next to Sports Giant, answers its phone as "Office Square."

In another development, K mart chairman

(Continued on page 112)

Ames Tests Office Supply Store

MCKEESPORT, Pa. — Ames will unveil this month the first store in a planned chain of stationery/office supply superstores. Jim McKitrick, president of Ames' G.C. Murphy division, said Office Shop Warehouse will open March 30 in Monroeville, Pa., a Pittsburgh suburb. The diversification is part of Ames' strategy to test specialty concepts.

$3.8B LBO Gives Ward Freedom To Expand Specialty Chain Strategy

By Laura Liebeck

CHICAGO — Bernard F. Brennan, chief executive of Montgomery Ward & Co., said the retailer will remain focused on its specialty store concept when the company goes private this spring and may even make an acquisition of its own.

In addition, Brennan said Ward is poised to introduce an athletic footwear department when it opens stores in Indianapolis and Waukegin, Ill., next month, and will continue refining its apparel department and hard lines merchandise in the seasonal area.

Also, Montgomery Ward is installing a $1 billion Nixdorf point-of-purchase computer system, eventually linking it

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Sears Agrees to Buy Western Auto, Creating $3B Auto Powerhouse

CHICAGO — In a major thrust into specialty retailing, Sears, Roebuck & Co. has offered to buy Western Auto, the nation's largest automotive aftermarket chain.

Added to Sears sales in its 797 auto service centers of close to $2 billion in 1987, the Western Auto sales of $930.8 million in 1987 will result in sales of about $3 billion a year in auto parts and service for the nation's largest retailer.

The acquisition of Western Auto is "an ideal complement," said Sears chairman and chief executive officer Edward A. Brennan, because Sears has been a leading retailer of automotive products and services for decades. Western Auto was founded in 1909 as a retail and wholesale marketer of automotive supplies.

Sears has agreed to buy 52.3 percent of Western stock from certain stockholders, including officers and directors, for $19 a share. Sears offered to buy the balance of the 13 million shares outstanding for a total of $250 million. Western's board approved the merger and recommended that shareholders accept the $19 a share offer.

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Northern Auto Swallows Crown

PHOENIX, Ariz. — In its third acquisition this year, Nothern Automotive Corporation has agreed to buy Crown Auto, Minneapolis, for $8 million.

The latest acquisition gives Northern Automotive another 57 stores for a combined total of about 820. Consolidated sales for the five chains that make up Northern Automo-

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Commerce Releases Dept. Store Sales

Discounters Grab Lion's Share

WASHINGTON — Discount department stores recorded $67.9 billion in sales last year, the first time the U.S. Census Bureau released such a figure—but it is one that doesn't accurately represent the size and scope of the discount store industry.

The International Mass Retail Association reported 1987 discount store sales at $140 billion, a 16.6 percent increase over 1986.

"I'm not particularly impressed with the [Census Bureau] number," said Richard Hersh, president of IMRA. "It severely distorts the impact of this industry and a substantial part of the industry is not included."

IMRA's annual sales number includes all kinds of discount retailers—department stores, toy stores and consumer electronics outlets, among others—whereas the Census Bureau's number is restricted to those discounters that meet specific criteria established by the Bureau for discount department stores.

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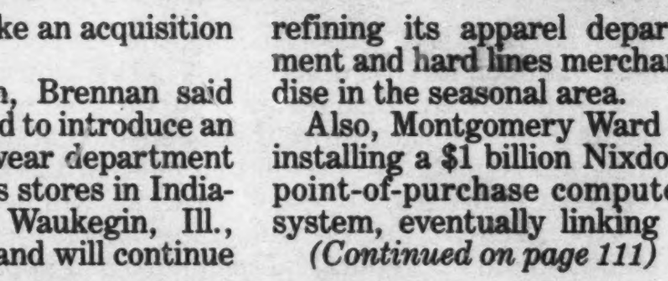
1987 Department Store Sales

Discount department stores captured 44.92% of $151,157 million in department store sales.



- Conventional dept. stores: Provide checkout and customer service within departments, nationally advertised brands.
- Discount dept. stores: High-volume, self-service, fast-turn units with brand names for less than conventional prices.
- National chain dept. stores: Checkout/customer service within departments; catalog desk; own corporate brands or unbranded.

Source: U.S. Commerce Dept.; Census Bureau

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